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July 5, 2011

Walter Mugdan, Director
Emergency and Remedial Response Division
United States Environmental Protection Agency, Region 2
290 Broadway, 19th Floor
New York, New York 10007-1866

Re: Hudson River Dredging Project – Model Development and Peer Review

Dear Mr. Mugdan:

I am writing to follow up on an issue we have recently discussed: the completion of the effort to develop and review the updated PCB fate, transport and food chain model for the Upper Hudson River. As you know, GE and EPA and our respective contractors worked closely to vet the model in anticipation of using it as a tool to support science-based decisionmaking for the ongoing dredging project. Recently, however, EPA has pulled out of that process, unless GE will reimburse EPA's costs beyond previously agreed amounts. I urge you to reconsider.

As you know, the Phase 1 Peer Review Panel firmly endorsed development of an updated model based on GE's initial work. The Panel concluded that the original Upper Hudson models were "outdated and inadequate," and concluded that "[t]o develop a useful resuspension standard, a single, defensible model is required. The Panel strongly recommends that EPA and GE work together to develop such a model to meet project needs."

In its August 27, 2010, comments on the Panel's draft report, EPA stated that it "agrees that a new model with strong predictive capabilities will be a useful tool, along with extensive monitoring, field observations, etc., in adaptively managing the project to a successful conclusion." Referring to its collaboration with GE, EPA said that it "has committed to complete a detailed, thorough evaluation of the model." As recently as December 2010, when EPA issued the "Revised Engineering Performance Standards for Phase 2," EPA restated its commitment to working with GE to develop the model:

> Along with the lessons learned during Phase 1, EPA is currently working with GE to develop a model for the Upper Hudson River that will aid, in conjunction with actual data (including fish tissue and sediment data), in assessing any potential impacts of dredging-related PCB releases. [Page 2-4]

EPA said it would use the model to evaluate the capping threshold limit (p. 2-3), the Phase 2 Resuspension Standard (p. 2-17), and EPA's overall adaptive management approach to the dredging project (p. 2-21).

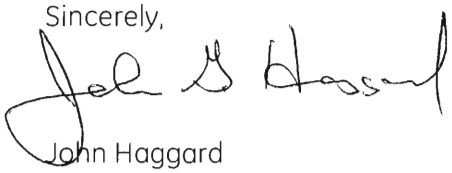
We believe that having a robust, updated model is particularly important in light of EPA's decision to embrace the concept of adaptive management for Phase 2. EPA's adaptive management decisions must take account of the potential impacts to the river and the fate and transport of PCBs. The model provides a vital tool for that analysis.

We recognize that development of a model of this scope and complexity is an expensive undertaking, and GE has borne the bulk of those costs. In terms of EPA's review of the model, we think that the nearly $50 million that GE has agreed to pay for EPA's oversight of the dredging project provides an adequate source of funding to complete the review of the model. In addition, although not required, GE has proposed to pay for the external costs of peer review of the model, reimbursing EPA for the fees charged by the peer review panelists as well as the costs of a peer review facilitator.

The bulk of the work to develop and review the model is already done. Coupled with GE's proposal to fund the external costs of a peer review, we think that we can finish the job efficiently. We urge EPA to reconsider its position and work with GE to complete the review of the model.

We look forward to continuing to work with EPA as the Phase 2 dredging project continues.

Sincerely,



John Haggard

JGH/bg

cc: Doug Garbarini, EPA
Doug Fischer, EPA
Sheri Moreno, GE